

So Ordered.

Docket #2470 Date Filed: 04/19/2021



Whitman L. Holt
Bankruptcy Judge

Dated: April 19th, 2021

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

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IN RE:

ASTRIA HEALTH, et al.,

Debtors and Debtors in Possession.¹

Chapter 11

Lead Case No. 19-01189-11

Jointly Administered

ORDER (A) SUSTAINING IN PART REORGANIZED DEBTORS' NOTICE OF TREATMENT OF ACTIVE EMPLOYEE PRIORITY CLAIMS AND, TO THE EXTENT APPLICABLE, OMNIBUS OBJECTION THERETO; (B) OVERRULING CERTAIN RESPONSES; AND (C) CONTINUING HEARING AS TO REMAINING RESPONSES PENDING FURTHER BRIEFING

Re: Docket Nos. 2390, 2422, 2425-34, 2438, 2444, 2458]

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¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).

ORDER RE OMNIBUS OBJECTION TO TERMINATED EMPLOYEE CLAIMS

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DENTONS US LLP RUSH KORNEFELD LLP



Los Angeles, CA 1901189210419000000000007
T 213-623-9300 / F 213-623-9224 / L 200 292 2110 / F 200 292 2104

1 Upon the *Reorganized Debtors' Notice of Treatment of Terminated*
2 *Employee Priority Claims and, to the Extent Applicable, Omnibus Objection*
3 *Thereto* [Docket No. 2390] (the "Objection"), filed by Astria Health, SHC
4 Medical Center - Yakima, formerly an operating hospital, SHC Medical Center -
5 Toppenish, doing business as Astria Toppenish Hospital, Sunnyside Community
6 Hospital Association, all Washington nonprofit corporations under § 501(c)(3) of
7 title 26 of the United States Code, and along with the above-referenced affiliated
8 debtors (collectively, the "Reorganized Debtors"), formerly the debtors and
9 debtors in possession in the above-captioned chapter 11 bankruptcy cases
10 (collectively, the "Chapter 11 Cases"), seeking to disallow or reduce and
11 reclassify the proofs of claim set forth on Exhibit A thereto, all as set forth in the
12 Objection and the Gibbons Declaration; and it appearing that this court has
13 jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157; and that
14 venue of these Chapter 11 Cases and the Objection in this district is proper
15 pursuant to 28 U.S.C. §§ 1408 and 1409; and that the Objection is a core
16 proceeding pursuant to 28 U.S.C. § 157(b); and that due and adequate notice of
17 the Objection having been given under the circumstances; and this court having
18 considered the Objection, the Gibbons Declaration, ~~the Claims~~, any Responses,
19 the *Reply to Claimant Responses to Reorganized Debtors' Notice of Treatment of*
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1 *Terminated Employee Priority Claims and, to the Extent Applicable, Omnibus*
2 *Objection Thereto* [Docket No. 2444] (the “Reply”),¹ and the *Certification of*
3 *Counsel and Request for Entry of Order Sustaining in Part and Continuing in*
4 *Part Reorganized Debtors’ Notice of Treatment of Terminated Employee Priority*
5 *Claims and, to the Extent Applicable, Omnibus Objection Thereto* [Docket No.
6 2458]; and upon the record herein, including the hearing held on April 15, 2021 at
7 10:30 a.m. (Pacific Time) (the “April 15 Hearing”); and after due deliberation
8 thereon and good and sufficient cause appearing thereof; it is hereby

9 **ORDERED, ADJUDGED, AND DECREED THAT:**

10 1. The Objection is sustained in part, and continued in part, as set forth
11 herein.

12 2. The Objection is sustained with respect to the No-Response Claims, as
13 listed on Exhibit A to this Order.

14 3. The Objection is further sustained with respect to the single Claim for
15 which a Filed Response was submitted (the “SEIU Claim”) that is already subject
16 to the SEIU Settlement approved by an Order of this Court [Docket No. 2149].

17 4. The Clerk of the Court **and any applicable third-party claims agent** is
18 authorized and directed to adjust the Claims Register to reclassify and/or disallow
19 the No-Response Claims and SEIU Claim as set forth on Exhibit A.

20 ¹ Capitalized terms used in this Order but not otherwise defined herein shall have
21 the meanings ascribed to such terms in the Objection and Reply.

1 5. The Non-Claimant Letters are hereby overruled.

2 6. The Objection is continued as to the Claims held by the individuals
3 who submitted Filed Responses and Informal Inquiries as set forth in the Reply,
4 with the exception of the SEIU Claim, (collectively, the “Continued Claims”), as
5 listed on Exhibit A.

6 7. A telephonic hearing on the Objection to the Continued Claims is
7 scheduled for May 18, 2021, at 10:30 a.m. (Pacific Time). The deadline for the
8 Reorganized Debtors to file further briefing on the Objection to the Continued
9 Claims as requested at the April 15 Hearing is May 10, 2021.

10 8. The Reorganized Debtors and the GUC Distribution Trustee shall
11 retain and shall have the right to seek to amend, modify, and/or supplement this
12 Order as may be necessary.

13 9. Notwithstanding the relief granted in this Order or any actions taken
14 pursuant to such relief, nothing in this Order shall (a) constitute an allowance of any
15 GUC of the affected employees not otherwise previously allowed; or (b) be deemed
16 a waiver of any of the Reorganized Debtors’ and the GUC Distribution Trustee’s
17 rights, claims, defenses, causes of action and/or objections, including, without
18 limitation, objections to any general unsecured claims asserted by such employees,
19 which are expressly reserved and hereby preserved.

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1 10. Notwithstanding the possible applicability of Bankruptcy Rules
2 6004(h), 7062, 9014 or otherwise, the terms and conditions of this Order shall be
3 immediately effective and enforceable upon its entry.

4 11. This court shall retain jurisdiction over all affected parties with
5 respect to any matters, claims or rights arising from or related to the
6 implementation and interpretation of this Order.

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Presented by:

/s/ Sam J. Alberts

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* Changes made by court

Exhibit A: Schedule of Claims Subject to Objection

The Reorganized Debtors seek disallowance or reduction and reclassification of the following claims filed by terminated employees and providers for wages, paid time off (PTO), reimbursement of expenses, or other benefits. The schedule below reflects the administrative and/or priority amounts already paid by the Reorganized Debtors as reflected in the Debtors' Books and Records as owing. Any remaining amounts owed are general unsecured claims (GUC) to the extent not objected to by the GUC Distribution Trustee.¹

	Claimant Name and Number²	Claim Number¹	Filed Claim Amount and Priority³		Administrative Claim Amount Paid	Priority Claim Amount Paid	Ordered:
1.	G. Annabell 4106250	485	\$11,866.28	P	\$4,120.05	\$607.93	Reclassified as GUC
2.	K. Basmeh 4136070	533	\$5,651.18	P	\$754.94	N/A	Reclassified as GUC

¹ For the avoidance of doubt, (a) nothing in the Objection or any order thereon shall constitute an allowance of any GUC of the affected employees not otherwise previously allowed; and (b) all of the Reorganized Debtors' and the GUC Distribution Trustee's rights, claims, defenses, causes of action and/or objections, including, without limitation, objections to any general unsecured claims asserted by such employees, are expressly reserved and preserved.

² Unless otherwise indicated, claimant and claim numbers refer to official claims register maintained in Case No. 19-01189 (Astria Health).

³ Certain of the Claims check the box for priority status without specifying an amount entitled to priority. For the purpose of the Objection, in seeking reclassification as non-priority, the Debtors treat these Claims as having asserted the entire claim amount as priority; however the Debtors reserve the right to argue that priority was only asserted for \$0.

Certain of the Claims check the box for § 507(a)(5) priority (contributions to an employee benefit plan) when asserting a claim for Wages, PTO, or other Benefits. For the purpose of the Objection, the Debtors treat these Claims as having asserted priority pursuant to § 507(a)(4) (wages, salaries, or commissions, including vacation, severance, and sick leave pay earned by an individual within 180 days prepetition); however, the Debtors reserve the right to argue that priority was asserted erroneously.

	Claimant Name and Number²	Claim Number¹	Filed Claim Amount and Priority³		Administrative Claim Amount Paid	Priority Claim Amount Paid	Ordered:
3.	N. Basmeh 4136071	534	\$13,650.00	P	N/A	\$1,817.87	Reclassified as GUC
			\$2,340.87	GUC			
4.	R. Beecroft 4138483	618	\$4,895.92	P1	N/A	N/A	Reclassified as GUC
			\$287.31	P2			
			\$2,794.86	GUC			
5.	V. Calayan 4138428	615	\$15,319.91	P	N/A	N/A	Reclassified as GUC
6.	A. Campeau 4137878	592	\$5,936.06	P	N/A	N/A	<i>Continued</i>
7.	S. Carlson 4138224	597	\$1,146.09	P	\$94.87	N/A	<i>Continued</i>
8.	A. Castellanos 4137494	577	\$3,257.52	P	\$1,203.26	\$660.20	Reclassified as GUC
9.	J. Cornella 4110600 ⁴	93 ⁶	\$9,135.89	P	N/A	\$871.41	Reclassified as GUC
			\$35,806.78	GUC			
10.	H. Crawford 4110598	503	\$15,106.71	P	N/A	N/A	<i>Continued</i>
11.	G. Davila Jr 4134802	524	\$9,500.00	P	\$1,249.08	\$2,787.24	Reclassified as GUC

⁴ Claim filed in Case No. 19-01192 (SHC Medical Center - Yakima).

	Claimant Name and Number²	Claim Number¹	Filed Claim Amount and Priority³		Administrative Claim Amount Paid	Priority Claim Amount Paid	Ordered:
12.	K. Eder 4139666	657	\$5,200.00	P	\$1,427.41	\$2,652.06	Reclassified as GUC
13.	B. Fischer 4138143	594	\$7,391.28	P	\$2,900.27	\$2,802.90	<i>Continued</i>
			\$33,796.90	GUC			
14.	C. Frisbie 4138411	614	\$2,328.61	P1	\$429.94	\$444.12	Reclassified as GUC
			\$179.12	P2			
			\$496.64	GUC			
15.	C. Harris 4136875	540	\$6,932.43	P	\$7,898.62	N/A	Reclassified as GUC
16.	R. Hartwig 4063136	493	\$12,882.00	P	N/A	\$2,145.26	<i>Continued</i>
17.	S. Honey-Morrow 4138323	607	\$641.02	P	N/A	\$641.02	Reclassified as GUC
18.	W. Johnson 4116452	511	\$4,716.26	P	N/A	N/A	<i>Continued</i>
19.	J. Johnston 4089903	461	\$10,776.00	P	N/A	N/A	Reclassified as GUC
20.	J. Jones 4074226 ⁵	29 ⁷	\$1,301.00	P	N/A	\$1,301.00	Disallowed as Paid
21.	S. Kasper	611	\$517.43	P1	\$2,832.21	\$517.43	Reclassified as GUC

⁵ Claim filed in Case No. 19-01192 (SHC Medical Center - Yakima).

	Claimant Name and Number ²	Claim Number ¹	Filed Claim Amount and Priority ³		Administrative Claim Amount Paid	Priority Claim Amount Paid	Ordered:
	4138382		\$44.49	P2			
			\$6,390.65	GUC			
22.	J. Ketterer 25456062	665	\$3,597.00	P	N/A	N/A	Reclassified as GUC
23.	K. Knoepfle 4111287	506	\$5,447.84	P	\$1,961.20	\$3,275.94	Reclassified as GUC
			\$1,944.60	GUC			
24.	A. Lyons 4133827	520	\$3,792.95	P	\$1,405.25	N/A	Reclassified as GUC
25.	S. Martinez 4110869	504	\$4,655.44	P	\$674.61	N/A	Reclassified as GUC
26.	S. McClure 4112679	509	\$852.26	P	N/A	N/A	Reclassified as GUC
27.	A. McManus 4136717	539	\$1,921.62	P	N/A	\$400.45	<i>Continued</i>
28.	P. McSloy 4138570	633	\$6,135.70	P	N/A	N/A	Reclassified as GUC
			Unliquidated	GUC			
29.	O. Mendoza ⁶ 4119362	513	\$5,529.76	P	N/A	\$1,380.08	Reclassified as GUC

⁶ The proof of claim indicates the Claimant's name and address as Astria Sunnyside Hospital, 1016 Tacoma Ave, Sunnyside, WA 98944, which belong to the Debtors. For the purpose of complete notice, the name and address included in this schedule are taken from the Claim's signature page.

	Claimant Name and Number²	Claim Number¹	Filed Claim Amount and Priority³		Administrative Claim Amount Paid	Priority Claim Amount Paid	Ordered:
30.	R. Philips Jr. 4107886	491	\$8,797.94	P	N/A	\$2,200.80	Reclassified as GUC
31.	R. Philips Jr. 4107886	536	\$8,797.94	P	N/A	N/A	Disallowed as Duplicate
32.	C. Phillips 4101605	477	\$9,201.00	P	N/A	N/A	Reclassified as GUC
33.	R. Pierson 4063497	512	\$13,650.00	P	N/A	N/A	Reclassified as GUC
			\$52,967.39	GUC			
34.	K. Rae 4110596	501	\$3,039.24	P	\$955.87	N/A	Reclassified as GUC
35.	G. Shubart 4135141	529	\$2,959.20	P	N/A	N/A	Reclassified as GUC
36.	M. Smith 4137037	561	\$12,769.14	P	\$1,056.26	N/A	Reclassified as GUC
37.	K. Stansbury 4110515	499	\$8,293.50	P	N/A	N/A	Reclassified as GUC
38.	C. Steinfeldt 4084644	456	\$6,796.00	P	N/A	N/A	Reclassified as GUC
39.	I. Stoddard 4077551 ⁷	48 ⁴	\$3,000.00	P	N/A	\$3,000.00	Disallowed as Paid

⁷ Claim filed in Case No. 19-01192 (SHC Medical Center - Yakima).

	Claimant Name and Number²	Claim Number¹	Filed Claim Amount and Priority³		Administrative Claim Amount Paid	Priority Claim Amount Paid	Ordered:
40.	I. Stoddard 4077551 ⁸	85 ⁵	\$616.28	P	N/A	\$616.28	Disallowed as Paid
41.	I. Stoddard 4113316	580	\$2,307.60	P	N/A	N/A	Reclassified as GUC
42.	I. Stoddard 4113316	604	\$2,944.50	P	N/A	N/A	Reclassified as GUC
43.	B. Strutner 4109572	495	\$4,998.18	P	N/A	\$1,739.48	<i>Continued</i>
44.	N. Trevino ⁹ 4078439	601	\$3,600.00	P	N/A	N/A	Reclassified as GUC
45.	B. Trombley 4137668	585	\$9,496.96	P	N/A	\$3,072.49	Reclassified as GUC
46.	D. Wilburn 4134056	521	\$6,443.25	P	N/A	N/A	<i>Continued</i>
47.	J. Wilburn 4134057	522	\$4,386.63	P	N/A	N/A	Reclassified as GUC
48.	S. Williamson 4138338	608	\$9,231.60	P	N/A	N/A	Reclassified as GUC
49.	B. Yost 4112480	507	\$6,682.43	P	N/A	N/A	<i>Continued</i>

⁸ Claim filed in Case No. 19-01192 (SHC Medical Center - Yakima). The Debtors reserve their right to object to this claim as a multidebtor duplicate claim (and on any other basis) in the future.

⁹ The claims register reflects the Claimant's name as Astria Health, which belongs to the Debtors, and Claimant's address as 3304 Sharon Way, Yakima, WA 98902-2754, which appears to belong to another creditor. For the purpose of complete notice, the name and address included in this schedule are taken from the Claim's signature page and the other address will also receive notice.

	Claimant Name and Number²	Claim Number¹	Filed Claim Amount and Priority³		Administrative Claim Amount Paid	Priority Claim Amount Paid	Ordered:
50.	S. Young 4100721	476	\$5,083.86	P	N/A	N/A	<i>Continued</i>